

CLAIRE HOUSE

FINANCIAL REPORT

Year Ended June 30, 2014

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet - Governmental Fund	9
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	12
Notes to the Financial Statements	13-20
INTERNAL CONTROL, COMPLIANCE, AND OTHER INFORMATION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23
Summary schedule of prior year findings	24
Schedule of findings and questioned costs	25
Management's corrective action plan for current year findings	26
SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule - General Fund	28
Schedule of Insurance in Force	29



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Emile M. Joseph III, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Claire House
Morgan City, LA 70380

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Claire House, a program of the St. Mary Parish Council, State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Claire House's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

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internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As discussed in Note 1, the financial statements present only Claire House and do not purport to and do not present fairly the financial position of the St. Mary Parish Council, as of June 30, 2014, and the changes in its position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Claire House, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Claire House implemented the provisions of the Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Claire House has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Claire House's basic financial statements. The Schedule of Insurance in Force and Budgetary Comparison Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary

Comparison Schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Insurance in Force has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014, on our consideration of Claire House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Claire House's internal control over financial reporting and compliance.

Darnall, Sikes, Gardes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
December 18, 2014

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CLAIRE HOUSE

Statement of Net Position
June 30, 2014

ASSETS

Current assets

Petty cash	\$ 200
Due from State of Louisiana	41,862
Due from St. Mary Parish Council	282,233
Prepaid insurance	<u>4,220</u>
Total current assets	328,515

Capital assets

Capital assets	133,206
Accumulated depreciation	<u>(126,338)</u>
Total capital assets, net of accumulated depreciation	<u>6,868</u>

TOTAL ASSETS	<u><u>\$ 335,383</u></u>
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LIABILITIES

Current liabilities

Accounts payable	\$ 3,372
Compensated absences	<u>3,900</u>
Total current liabilities	7,272

NET POSITION

Net investment in capital assets	6,868
Restricted	<u>321,243</u>
Total net position	<u>328,111</u>

TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 335,383</u></u>
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The accompanying notes are an integral part of this statement.

CLAIRE HOUSE

Statement of Activities
June 30, 2014

					Net (Expense)
					Revenue and Changes
					in Net Position
		Program Revenues			
			Operating	Capital	
Functions/Programs	Expenses	Charges for	Grants and	Grants and	Governmental
		Services	Contributions	Contributions	Activities
<hr/>					
Governmental activities:					
Health and Welfare	\$ 580,984	\$ -	\$ 610,537	\$ -	\$ 29,553
Total governmental activities	<u>580,984</u>	<u>-</u>	<u>610,537</u>	<u>-</u>	<u>29,553</u>
General Revenues:					
	Special item - Asset donation				<u>1,982</u>
	Change in net position				31,535
	Net position - beginning				<u>296,576</u>
	Net position - ending				<u>\$ 328,111</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CLAIRE HOUSE

Balance Sheet
Governmental Fund
June 30, 2014

	<u>General Fund</u>
ASSETS	
Current Assets	
Petty cash	\$ 200
Due from State of Louisiana	41,862
Due from St. Mary Parish Council	282,233
Prepaid insurance	<u>4,220</u>
 TOTAL ASSETS	 <u>\$ 328,515</u>
 LIABILITIES AND FUND BALANCE	
Current liabilities	
Accounts payable	<u>\$ 3,372</u>
 TOTAL LIABILITIES	 3,372
 Fund balance	
Nonspendable	4,220
Restricted	<u>320,923</u>
 TOTAL FUND BALANCE	 <u>325,143</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 328,515</u>

The accompanying notes are an integral part of this statement.

CLAIRE HOUSE

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2014

Total fund balances - governmental funds \$ 325,143

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Cost of capital assets at June 30, 2014	133,206	
Less: Accumulated depreciation as of June 30, 2014	<u>(126,338)</u>	6,868

Long-term liabilities are not due and payable in the
current period and therefore are not reported in the funds

Long-term liabilities at June 30, 2014:

Compensated absences payable	<u>(3,900)</u>
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Total net position - governmental activities	<u>\$ 328,111</u>
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The accompanying notes are an integral part of this statement.

CLAIRE HOUSE

Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Fund
Year Ended June 30, 2014

	<u>General Fund</u>
Revenues	
Federal grants	\$ 610,537
Asset donation	<u>1,982</u>
Total Revenues	612,519
Expenditures	
Health and Welfare	
Personal services and benefits	412,334
Operating services	137,207
Supplies	11,249
Professional services	<u>19,388</u>
Total Expenditures	<u>580,178</u>
Excess of revenues over expenditures	32,341
Fund balance, beginning	<u>292,802</u>
Fund balance, ending	<u><u>\$ 325,143</u></u>

The accompanying notes are an integral part of this statement.

CLAIRE HOUSE

Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balance of Governmental Funds to the Statement of Activities
June 30, 2014

Net change in fund balance - total governmental funds	\$ 32,341
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Amounts reported for governmental activities in the Statement of
Activities are different because:

Governmental fund reports capital outlays as expenditures, however, in the Statement of Activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount of depreciation in excess of capital outlay in the current period.	(1,269)
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Payments of compensated absences is an expenditure in the governmental fund, but these payments reduce liabilities in the statement of net position.	<u>463</u>
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Change in net position of governmental activities	<u>\$ 31,535</u>
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The accompanying notes are an integral part of this statement.

CLAIRE HOUSE

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In January of 1995, the St. Mary Parish Council passed a resolution agreeing to participate in the operation of a long-term residential treatment facility for chemically addicted women and their children. The operations began on October 1, 1995 when the Council entered into an agreement with the State of Louisiana Department of Health and Hospitals to operate the Claire House Treatment Facility.

The financial statements of Claire House have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Claire House's accounting policies are described below.

Financial Reporting Entity

GASB Statement No. 14, *Governmental Reporting Entity*, established criteria for determining which organizations should be included in a governmental financial reporting entity. As the governing authority of Claire House for reporting purposes, the St. Mary Parish Council is the financial reporting entity. The financial reporting entity consists of the primary government (Council), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Claire House is a program of the St. Mary Parish Council (primary government) and, as such, these financial reports should be included in the basic financial statements of the Council for the year ended December 31, 2014. Claire House has followed GASB 14 guidance to determine that there are no financial statements of other organizations that should be combined with its statements to form a financial reporting entity. These financial statements include only the operations of Claire House.

Change in Accounting

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was implemented during the year ended June 30, 2014. This GASB statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The adoption of the statement in 2014 had no effect on Claire House's financial statements.

Basis of Presentation

Claire House's financial statements consist of the government-wide statements on all activities and the governmental fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of Claire House.

CLAIRE HOUSE

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide presentation focuses primarily on the sustainability of Claire House as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of statement GASB No. 34. The accounts of Claire House are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of Claire House:

Governmental Fund Type

General Fund – The general fund accounts for all operations of the Claire House.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Governmental Fund

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

Fund Financial Statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing resources) and decreases (expenditures and other financing uses) in current assets.

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current

CLAIRE HOUSE

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligations long-term debt, if any, is recognized when due. Allocations of cost such as depreciation are not recognized in governmental funds.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

Budget

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted each year for the General Fund.

Integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments, if any.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipts of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are re-appropriated in the next year. No encumbrances were outstanding at year-end.

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Depreciation of all exhaustible capital assets are recorded as a depreciation expense in the

CLAIRE HOUSE

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows

Furniture	5-7 years
Vehicles	5-7 years
Equipment	5-12 years
Leasehold Improvements	20-40 years

Fund Financial Statements

In the fund financial statements, capital assets used in government fund operation are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences

Employees earn vacation and sick leave annually at varying rates depending upon length of service. These compensated absences are allowed to accumulate from period to period if not used. The maximum amount of vacation days that can be carried over is 10 work days but only upon written approval by the Chief Administrative Officer and must be taken by the employee within 45 days. Sick leave shall be earned at the rate of one day per month up to 12 days per year. An employee cannot accrue more than 120 days of sick leave. Upon termination an employee is compensated for accumulated vacation time. Employees are not compensated for sick time unless termination is due to normal retirement. Normal retirement is when the employee meets the required qualifications to retire from the Parochial Retirement System. As of June 30, 2014 the employees of Claire House accumulated \$11,504 in non-vested sick pay, which is not reflected in the financial statements. This contingent liability will be recognized if and when the employees meet the normal retirement qualifications. An accrual is made for the amount of compensation the employees will receive in the future based upon services performed in the current year for vacation time not used.

The estimated \$3,900 in accumulated vacation pay is reflected in the government wide financial statement as compensated absences payable.

The following reflects the change in accumulated vacation pay:

	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014	Due Within One Year
Compensated absences	\$ 4,363	\$ 3,900	\$ 4,363	\$ 3,900	\$ 3,900

CLAIRE HOUSE

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

Government-wide Financial Statements

Net position represents the difference between assets and liabilities. Net position is reported in three categories, as follows:

- a. Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position items with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – consists of the net amount of assets and liabilities that do not meet the definition of the above two components and is available for general use by Claire House.

Fund Financial Statements

Claire House applies GASB No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. See Note 8 for further explanation.

Subsequent Events

Claire House has evaluated subsequent events through December 18, 2014, the date the financial statements were available to be issued.

NOTE 2 DUE FROM THE STATE OF LOUISIANA

As of June 30, 2014 the State of Louisiana owes Claire House \$41,862 as a result of their grant payment not yet received on their June per diem grant payment. This grant is based on a fee of \$85 per day for each adult and \$66 per day for each child. The original grant documentation stated that this amount was not to exceed an annual maximum of 9,490 billable days or a total maximum of \$688,937. Effective May 1, 2014, the billable days changed from 9,490 to 8,613 billable days which decreased the grant by \$65,000. The total new grant amount is \$623,937.

CLAIRE HOUSE

Notes to Financial Statements

NOTE 3 DUE FROM THE ST. MARY PARISH COUNCIL

The St. Mary Parish Council deposits all receipts and disburses all of Claire House's expenses out of the Parish Council's checking account. The amount due from the Parish Council is a result of the excess of Claire House's deposits over disbursements by \$282,233.

NOTE 4 ECONOMIC DEPENDENCE

Claire House currently receives 100% of its operating revenue through the federal agency, the Administration for Children and Families, Department of Health and Human Services. This grant is for temporary assistance for needy families. This grant is applied for on a year-to-year basis and Claire House is currently funded through June 30, 2014. With the loss of these revenues, which are year-to-year grant allocations, and not having any other grants to replace this loss, Claire House would not exist.

NOTE 5 CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets				
Vehicles	\$ 76,579	\$ -	\$ (1,200)	\$ 75,379
Furniture	27,350	-	-	27,350
Equipment	<u>31,648</u>	<u>-</u>	<u>(1,171)</u>	<u>30,477</u>
Total capital assets	<u>135,577</u>	<u>-</u>	<u>(2,371)</u>	<u>133,206</u>
Less accumulated depreciation	<u>(127,440)</u>	<u>(409)</u>	<u>1,511</u>	<u>(126,338)</u>
Total capital assets, net	<u>\$ 8,137</u>	<u>\$ (409)</u>	<u>\$ (860)</u>	<u>\$ 6,868</u>

Depreciation for the year ended June 30, 2014 was \$409.

NOTE 6 PENSION PLAN

All full-time employees of Claire House are members of the Parochial Employees Retirement Systems of Louisiana, a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of Claire House are members of Plan A.

CLAIRE HOUSE

Notes to Financial Statements

NOTE 6 PENSION PLAN (CONTINUED)

All permanent employees working at least 28 hours per week who are paid wholly or in part from Claire House funds are eligible to participate in the System. Under Plan A, employees can retire at or after 65 with at least 7 years of creditable service, 60 with at least 10 years of creditable service, at or after 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

On January 1, 2007 Act #584 of 2006 implemented a new plan of benefits for new employees hired on or after January 1, 2007. Under the act, employees eligible for retirement can retire at or after age 67 with at least 7 years of creditable service, age 62 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service. These new employees are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 60 consecutive or joined months that produce the highest average.

Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225) 928-1361.

Covered employees are required by the State Legislature to contribute 9.5 percent of their gross salary to the plan. Claire House was required by the same statute to contribute 15.75 percent in 2012, 16.75 percent in 2013, and 16.00 percent in 2014 of each employee's gross salary to the plan. The contribution requirements of plan members and Claire House are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the fiscal year. Claire House's contribution to the System for the years ended June 30, 2014, 2013 and 2012 were \$45,419, \$45,254 and \$46,516, respectively, equal to the required contribution for each year.

NOTE 7 RELATED PARTIES

Claire House's operations are housed in a building owned by St. Mary Parish Hospital Service District No. 3 and this District is a component unit of the St. Mary Parish Council, therefore, all three are related parties. Claire House paid the district rent of \$60,844 for the year ended June 30, 2014. This rental agreement is year-to-year on an annual basis, unless either party gives written notice to the other party of its intent not to renew beyond the then current annual term. Such notice shall be in writing.

CLAIRE HOUSE

Notes to Financial Statements

NOTE 7 RELATED PARTIES (CONTINUED)

This agreement shall be subject to termination if the Council ceases operating Claire House, or if the funds to continue its operations are not provided by the federal grant.

As described in Note 3, the Council owes Claire House for their deposits out of the council's checking account in excess of the disbursements made for the benefit of Claire House in the amount of \$282,233.

All monetary donations in relation to Claire House are deposited into a separate bank account controlled by Friends of Claire House. Friends of Claire House has a 501(C)(3) status (tax-exempt), and is a separate entity from Claire House.

NOTE 8 FUND BALANCES

Beginning with fiscal year 2011, Claire House adopted GASB Statement No. 54, which redefined how balances of governmental funds are presented in the financial statements. Fund balance is classified as follows:

Nonspendable Fund Balance—amounts that are not in spendable form or are required to be maintained intact.

Restricted Fund Balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

The following is a schedule of fund balance as of June 30, 2014:

	General Fund
Nonspendable	\$ 4,220
Restricted:	
Temporary Assistance for Needy Families	<u>320,923</u>
Total fund balance	<u>\$ 325,143</u>

**INTERNAL CONTROL, COMPLIANCE,
AND OTHER INFORMATION**



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Claire House
Parish of St. Mary, State of Louisiana
Morgan City, LA 70380

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Claire House, a program of the St. Mary Parish Council, State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Claire House's basic financial statements, and have issued our report thereon dated December 18, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Claire House's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Claire House's internal control. Accordingly, we do not express an opinion on the effectiveness of Claire House's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Claire House's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Darnall, Sikes, Gardes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
December 18, 2014

CLAIRE HOUSE

Summary Schedule of Prior Year Findings
Year Ended June 30, 2014

This schedule is not applicable for the current year.

CLAIRE HOUSE

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Part 1: Summary of Auditors' Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on Claire House's financial statements as of and for the year ended June 30, 2014.

Internal Control Deficiency – Financial Reporting

There were no significant deficiencies in internal control over financial reporting noted during the audit.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2014.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

There were no findings noted during the audit.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2014, Claire House did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore, this section is not applicable.

CLAIRE HOUSE

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2014

There were no findings noted during the audit.

SUPPLEMENTAL INFORMATION

CLAIRE HOUSE

Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues				
Federal grants	\$ 688,937	\$ 688,937	\$ 610,537	\$ (78,400)
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,982</u>	<u>1,982</u>
				<u>-</u>
Total Revenues	688,937	688,937	612,519	(76,418)
Expenditures				
Health and Welfare				
Personal services and benefits	531,492	531,492	412,334	119,158
Operating services	141,945	141,945	137,207	4,738
Supplies	11,500	11,500	11,249	251
Professional services	4,000	4,000	19,388	(15,388)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>688,937</u>	<u>688,937</u>	<u>580,178</u>	<u>108,759</u>
Excess of revenues over expenditures	-	-	32,341	32,341
Fund balance, beginning	<u>292,802</u>	<u>292,802</u>	<u>292,802</u>	<u>-</u>
Fund balance, ending	<u>\$ 292,802</u>	<u>\$ 292,802</u>	<u>\$ 325,143</u>	<u>\$ 32,341</u>

CLAIRE HOUSE

Schedule of Insurance in Force
Year Ended June 30, 2014

(Unaudited)

<u>Insurer</u>	<u>Type of Insurance</u>	<u>Coverage</u>	<u>Expiration</u>
LUBA Insurance	Workers' Compensation		12/31/2014
	By Each Accident	\$ 1,000,000	
	By Disease Policy Limit	\$ 1,000,000	
	By Disease Each Employee	\$ 1,000,000	
Colony Insurance	General Liability		5/2/2015
	General Aggregate	\$ 1,000,000	
	Personal and Advertising Injury	\$ 1,000,000	
	Each Occurrence	\$ 1,000,000	
	Damage to Rented Premises	\$ 50,000	
	Medical Expense (Any One Person)	\$ 10,000	
	Property Damage Deductible	\$ 1,000	
	Professional Liability	\$ 1,000,000	
Markel Insurance	Accident and Health		
	General Aggregate	\$ 250,000	2/1/2015